



Everything You've Ever Wanted to Know About Property Taxes

An Information Guide
City of Boston Assessing Department

*Thomas M. Menino, MAYOR,
Ronald W. Rakow, Commissioner of Assessing*



NOTE

This Publication represents a simplification of assessment and taxation laws of the Commonwealth of Massachusetts.

In particular, questions arise which require a more detailed response, you can find information on the City of Boston web site at www.cityofboston.gov/assessing or by calling the Taxpayer Referral & Assistance Center (TRAC), at (617) 635-4287.

Statistical information can be found in the Annual Reports of the Assessing Department, City of Boston.

The Addendum concluding this publication offers frequently asked questions and answers on assessing topics that address common questions.



ASSESSING DEPARTMENT

Boston City Hall, Room 302, Boston, MA 02201

Dear Concerned Citizen:

As Commissioner of Assessing, I am committed to creating an assessment system that City taxpayers can look to as an example of efficiency, creativity and performance.

As part of that commitment, the Assessing Department has prepared this assessment information package for the use of policy officials, researchers, news media, taxpayer groups, and community leaders as a reference guide in the process of informing their members and the public on property tax issues.

I hope that you will find this publication helpful and that you will forward your comments and suggestions for improvement. This publication can be found on the web at www.cityofboston.gov/assessing. If you would like additional hardcopies or if you have questions regarding our efforts, call (617) 635-4264.

I appreciate your interest in furthering the understanding of property tax administration in the City and the Commonwealth.

Sincerely,

Ronald W. Rakow
Commissioner of Assessing

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Addendum

Frequently Asked Questions

1 The City of Boston Assessing Department

The Assessing Department of the City of Boston is responsible for determining the value of all real and personal property located within the City for the purpose of taxation. In addition, the Department administers the motor vehicle and boat excise taxes.

Assessors are statutorily obligated to assess all property at its full and fair cash value as of January first of each year. The Massachusetts General Laws define full and fair cash value as the price a willing owner, (not under compulsion to sell) ought to receive from a willing buyer (not under compulsion to buy).

Massachusetts law further requires each city and town to conduct a complete revaluation of its property every three years. Pursuant to that requirement, the City of Boston conducted its tenth city-wide revaluation for Fiscal Year 2010. The next revaluation will be conducted for Fiscal Year 2013.

The establishment and maintenance of fair market value assessments in an exceedingly dynamic real estate market requires the careful combination of management, appraisal and technical skills.

Organization Structure

The Commissioner of Assessing manages the Assessing Department and oversees all aspects of the valuation and assessment process.

The Assessing Department is presently organized around three major functional areas: Valuation, Operations and Executive.

Valuation

Assessors in the Valuation Division determine fair cash value assessments each year for residential, commercial, industrial, and personal property. There are approximately 11,000 parcels of commercial/industrial real estate and 120,000 parcels of residential real estate. In addition, there are 5,000 personal property accounts. Assessment records are reviewed annually to reflect new construction, fire damage, demolition or rehabilitation.

The **Personal Property Unit** maintains the personal property accounts of various entities doing business in the City. These entities may include individuals,

partnerships, trusts, associations, and corporations.

Each account is reviewed and updated annually to determine the fair market value of the taxable personal property of each entity as of January 1.

The **Information Systems Unit** maintains the computer system that stores and allows access to land and building data for valuation purposes.

The **Research & Standards Unit** utilizes computer software to develop state-of-the-art statistical modeling and analysis techniques for the Valuation Division. The work of the division provides check-points that ensure fair and equitable property values across the City.

Operations

The **Operations Division** manages all administrative and financial functions of the department.

The **Tax Data and Land Records Units** maintain accurate property parcel and ownership data based on records at the Registry of Deeds. Maps are maintained for accurate parcel identification, including subdivisions, consolidation, etc.

Human Resources and **Fiscal Units** oversee activities related to hiring and employment, payroll, budget and purchasing.

Technical Services is responsible for recommending, maintaining and upgrading all computer and computer related equipment in the department.

Taxpayer Referral & Assistance Center known as the TRAC office provides convenient, one-stop shopping for taxpayer services including:

Information - including explanations of tax bills, abatements and exemptions programs, change of mailing address forms, affidavit of address forms, and general informational publications;

Assistance - including accepting real estate and personal property abatement and personal exemption applications, abating excise taxes, issuing duplicate tax bills and payment receipts, providing ward and parcel information and providing Municipal Lien certificate fee schedule;

Problem Solving - referral to "expert" assistance in

either Assessing or Collecting, for the resolution of disputed payments, issuing and processing of Municipal Lien Certificates, and personal and real estate abatement processing.

Executive

The **Litigation Unit** provides legal counsel within the Department and represents the Department in appeals filed with the State Appellate Tax Board.

The **Tax Policy Unit** recommends and implements legislative and administrative solutions to improve the performance, equity, and efficiency of property tax administration. This unit also administers the payment in lieu of tax PILOT and MGL Chapter 58, section 8 special abatement of program.

The **Board of Review** reviews all abatement and exemption applications and recommends appropriate action to the Commissioner of Assessing.

The **Abatement Appeal Team** reviews all abatement applications and assists in the defense of valuation before the state Appellate Tax Board.

**Assessing Department Directory
(area code 617)**

Executive

Commissioner	635-4264
Board of Review	635-4260
Tax Policy	635-4797
Litigation	635-4586
Abatement Appeals Unit	635-2076

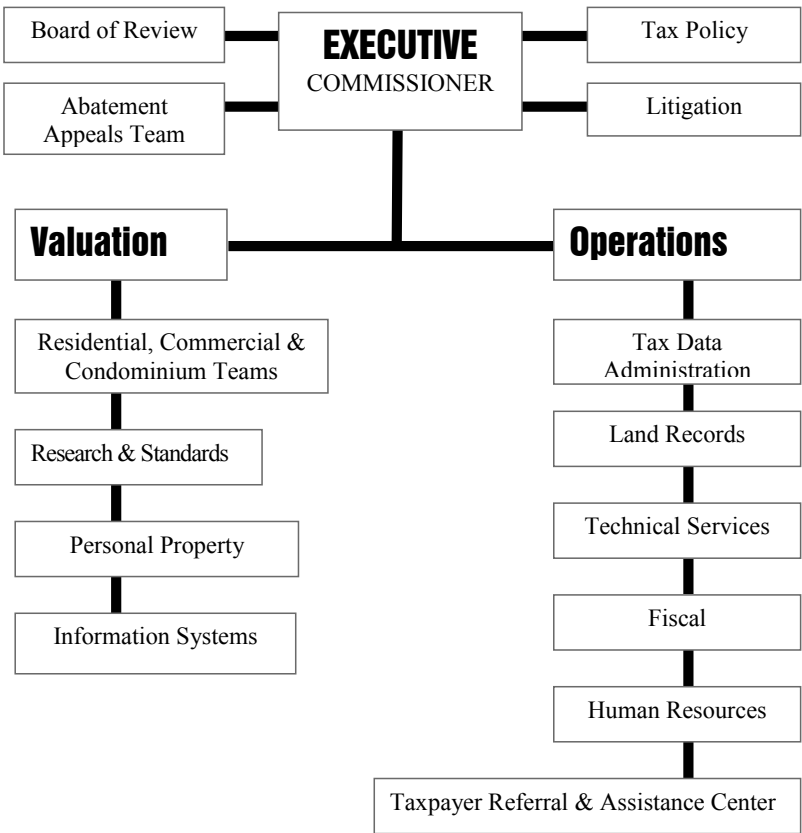
Operations

Information Desk	635-3742
Tax Data Administration	635-3783
Land Records	635-4321
Human Resources	635-3909
Taxpayer Referral & Assistance Center	635-4287

Valuation

Deputy of Valuation	635-1131
Research & Standards	635-4760
Personal Property	635-1165

Organizational Chart



2 Assessment Administration

An assessor is the person in each city or town who estimates the value of property and assesses taxes. The assessor is responsible for the appraisal of all property, both real and personal, at its fair market value.

Assessors may be elected or appointed, depending on the charter of the city or town. In Boston, the Mayor appoints a Commissioner of Assessing. The present Commissioner of Assessing is Ronald W. Rakow, appointed in September 1992.

City and town assessors work closely with and under the general supervision of the Commissioner of Revenue, of the Commonwealth of Massachusetts. The Department of Revenue is the state agency that supervises state and local tax assessment and collection.

Any person elected or appointed as assessor must meet certain minimum qualification standards established by the Commissioner of Revenue.

The assessor is not concerned directly with the collection of taxes, nor the amount of tax levy imposed. These matters are the responsibility of the tax collector and the governing body in a community.

Property Tax Assessments

The major source of revenue for the 351 cities and towns in Massachusetts is the property tax. The property tax is an “ad-valorem” (based on value) tax. The tax is apportioned to individual properties based on the value of the property. Estimates of value (or appraisals) are called assessments. The assessment of a large number of parcels for property tax purposes constitutes a highly specialized field of appraisal.

In Massachusetts, the property tax is assessed on real and personal property to the person who is the owner on January first.

Real and Personal Property

In taxation, the term “property” includes both real and personal property. Since they are taxed separately, a careful distinction between the two is necessary.

Real Property includes land and all improvements. It is the physical land and everything attached to it, including everything under the ground (water and

mineral rights) and everything above the ground. It includes all benefits, rights, interests and limitations inherent in the ownership of the real estate.

Personal property consists of any tangible assets owned by an individual, a business, or an organization which are not real estate and which are not permanently affixed to a particular building.

Property Tax Rate

There are two factors in the determination of the property tax rate: the **property tax levy** and the total **assessed value**.

Property Tax Levy: The tax levy is the amount of money to be raised by the property tax. Each year the amount that can be raised must be determined in accordance with Proposition 2½.

Total Assessed Value: Assessed value is the dollar amount of value assigned to a parcel of property by the assessor. The total assessed value of a city or town is the sum of assessed values of all taxable property in the city or town. The value of tax-exempt property, such as churches or federal buildings, is not included.

The **tax rate** is the amount (in dollars) a taxpayer owes for each one thousand dollars of assessed value. The tax rate in each city or town that has not adopted classification is determined by dividing the tax levy by the total assessed value of the city or town.

Example: If a city or town levied \$5 million and the total assessed value was \$200 million, the property tax rate would be:

$$\text{Property Tax Rate} = \frac{\text{Property Tax Levy}}{\text{Total Assessed Value}}$$
$$\text{Property Tax Rate} = \frac{\$5,000,000}{\$200,000,000} = .025 = \$25 \text{ per thousand dollars of value}$$

It is customary in Massachusetts to express the tax rate as the number of dollars per thousand dollars of assessed value. In the previous example, the tax rate would be expressed as \$25 per thousand dollars of value.

The tax bill is determined by multiplying the tax rate by the property’s assessed value. If a home is assessed at \$100,000 and the tax rate is \$25, the tax bill is \$2,500.

Assessment Dates and Fiscal Years

In Massachusetts, the assessment date is January first.

It is the ownership, condition and value of the property on January first that is critical in the assessing function. Any new structures, additions, demolitions, improvements or alterations that occur after January first will not be reflected in assessing records until the next January first. The only exception is certain exempt property that has a date of determination of July first.

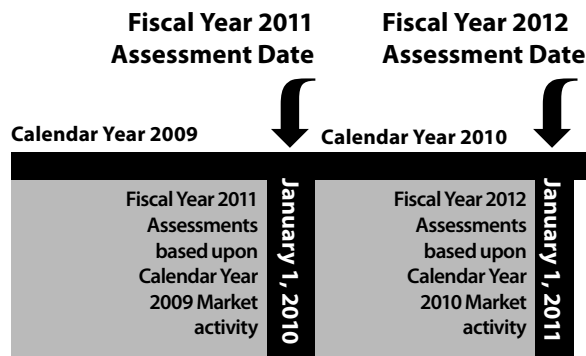
In Massachusetts, the fiscal year commences on July first and ends on the following June thirtieth.

Property taxes are assessed for the fiscal year (July 1 - June 30) based on the value of the property as of the previous January first.

Examples:

Property taxes for Fiscal Year 2011 (July 1, 2010 to June 30, 2011) are based on the value of the property as of January 1, 2010.

Property taxes for Fiscal Year 2012 (July 1, 2011 to June 30, 2012) are based on the value of the property as of January 1, 2011.



Assessment Calendar Explanation

January 1 is the property tax assessment date for each “fiscal year”. The fiscal year begins July 1 and continues to the following June 30. Assessed values are based upon the status of the property as of January 1.

Examples:

The property tax assessment date for Fiscal Year 2011 is January 1, 2010. Fiscal Year 2011 begins on July 1, 2010 and ends on June 30, 2011.

The property tax assessment date for Fiscal Year 2012 is January 1, 2011. Fiscal Year 2012 begins July 1, 2011 and ends June 30, 2012.

Assessment Calendar

July 1	Fiscal Year begins. 1st Quarter preliminary tax bill issued (the first of two equal amounts; estimated tax bills are based on the PRIOR fiscal year taxes).
August 1	1st Quarter preliminary tax due.* Personal exemption renewal applications mailed.
September	Residential exemption applications mailed to new owners who purchased property in previous calendar year.
October 1	2nd Quarter preliminary tax bill issued (the second of two equal and preliminary tax bills based on PRIOR fiscal year taxes).
November 1	2nd Quarter tax due.*
Late December	3rd Quarter actual tax bill issued (bill reflects the actual value and tax rate for fiscal year).
January 1	Property Tax <i>Assessment Date</i> for the following fiscal year. Abatement application filing period begins.
January 1 - February 1	Filing period for certain personal exemptions begins (Elderly, Blind, Surviving Spouse, Disabled Veteran, etc.).
February 1	3rd Quarter tax due.* Abatement filing period ends. Applications for certain exemptions filing deadline.*
February - May	Review of Abatement and Exemption applications - Notice of Decision mailed.
March 1	Owners of taxable Personal Property must file <i>Form of List</i> . Final date for charitable organizations to file <i>Form 3ABC</i> .
Late March	Residential and certain personal exemptions must be filed within 3 months of the mailing date of the 3rd Quarter tax bill.
April 1	4th Quarter tax bill issued.
May 1	4th Quarter tax due.*
June 30	Fiscal Year ends.

** Unless the due date falls on a weekend - then tax payment/filing deadline is the first business day following the due/deadline date).*

Fair Cash Value

In Massachusetts, property must be assessed at full and fair cash value. The terms “full and fair cash value”, “market value”, “one hundred percent value”, and “fair market value” are essentially synonymous.

The International Association of Assessing Officers defines “market value” as the highest price in terms of money that a property will bring in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale and assuming that the price is not affected by undue stimulus.

Actual sales are strong evidence of full and fair cash value, since they represent what a buyer has been willing to pay a seller for a particular property. However, buyers and sellers in the market range from those who are very knowledgeable to those who are almost completely uninformed. For this reason, one individual transaction should not be substituted for the term “market value”. As a result, assessors analyze and confirm each sale transaction to determine whether they reflect market value.

Actual sales are used as an indication of the market value of those properties that have not sold.

The appraisal process involves the assembly, analysis and classification of various types of information into a value estimate. The three approaches traditionally used to value property are the cost, market and income approach. The assessor considers the amount of data collected, the strengths, weaknesses and relevancy of each valuation approach, and determines an assessed value for each property.

In jurisdictions with a large number of parcels and sales, computer programs assist the assessor in determining annual assessments.

Evasion of Taxation

A taxpayer who willfully conceals, removes, transfers or misrepresents any property to evade valuation, assessment or classification, or otherwise acts with the intent to avoid taxation will be subject to a fine of not less than \$1,000 or more than \$5,000.

A person who furnishes a false list or schedule to an assessor with the intent to evade any law relating to the assessment or payment of taxes is punishable by a fine of not more than \$1,000 or imprisonment for not more than one year.

3 Exemptions

An exemption is a privilege allowed by the state legislature. It releases a property owner from the obligation to pay all or a portion of the tax assessed on a parcel of property.

An abatement is a reduction in the assessed value of property. Abatements are granted where the property is determined to be over assessed, improperly classified, or disproportionately assessed. Abatements are granted where the assessed value does not represent the fair cash value of the property on the assessment date.

Introduction

Over the years, the Massachusetts General Court has adopted a series of exemptions from all or a portion of tax liability for certain types of organizations or groups of persons. There are over fifty exemption provisions at present.

An exemption is a privilege allowed by the state legislature. An exemption reduces all or a portion of the taxes assessed on a parcel of property that the owner is obliged to pay.

Exemptions from taxation are recognized only where the property use or status of the individual clearly falls within the terms of the exemption. The burden of proving an exemption is on the taxpayer who claims it.

The date of determination as to age, ownership or other factors necessary to qualify is generally July 1 of each year unless the specific provision indicates otherwise.

Every parcel of property exempted from taxation increases the amount of taxes that must be collected from property that is taxable. Exempted property reduces the total assessed value of the city or town, thus increasing the rate on remaining taxable property.

Personal Exemptions

Personal exemptions are a reduction in taxes due to particular personal circumstances and qualifications set forth in the Massachusetts General Laws. The burden is on the applicant to show that he or she falls within the expressed terms of the exemption provision.

Personal exemptions must be filed no later than December 1 of each year for the exemption to appear on the Third quarter tax bill. Otherwise, they must be filed within three months after the mailing of the tax bill.

Exemptions are granted for one year only. An application must be filed each year.

Full or partial exemptions are provided in the General Laws for the following persons:

- Elderly (over the age of 65)
- Veteran (with service-connected disability)
- Blind
- Surviving Spouse
- Minor child of deceased parent
- Tax Deferral
- Hardship (due to age, infirmity, and financial condition)

The chart on the following page summarizes the qualifications and restrictions for each of the exemptions. In general, a taxpayer may receive only one of the exemptions listed. A hardship exemption may, however, be granted to a person who has received another of the exemptions.

Optional Supplement

Upon acceptance of an optional provision of law by a city or town, a taxpayer who shall otherwise qualify for a personal exemption will be entitled to an additional exemption not to exceed 100% of the exemption for which the taxpayer is qualified.

The General Court in recognition of the effects of full value revaluation on personal exemption recipients enacted the optional supplement. As a result, the additional exemption offsets the annual increase in a personal exemption recipient's tax bill.

In no instance shall the taxable valuation of the property, after all applicable exemptions, be reduced below ten percent of its full and fair cash value. Other restrictions may apply also.

The City of Boston has accepted the local option and grants the optional supplement to all clause exemption recipients.

PERSONAL EXEMPTIONS and Other Non-Exemption Programs Chart City of Boston

All applicants must own and occupy the property as of July first. This chart represents an overview of exemption provisions. For more information call the Taxpayer Referral & Assistance Center (TRAC) at (617) 635-4287.

Status as of July 1	Exemption	Income Restriction?	Gross Estate Limit (1)	Other Requirements	Amount of Exemption
Elderly (70 Years+)	17D	None	\$40,000	Residency	\$280.00
Elderly (65 Years +)	41C	FY 2011 \$24,158 if single: \$36,237 if married	Single \$40,000 Married \$55,000	Residency/ Ownership	\$250
Surviving Spouse/ Minor Child	17D	None	\$40,000	Residency	\$280
Veteran	22, 22A-E	None	None	Residency and Service Connected disability at least 10% or Purple Heart or Gold Star Parent	\$250 - \$875 If paraplegic: Full Exemption
Blind	37A	None	None	Residency/Blind	\$500
Surviving Spouse? Police or Fire	42/43	None	None	Until Remarriage	Full
Other Non-Exemption Programs					
Tax Deferral	41A 18A (poverty or financial harship resulting from change to active military service not including initial enlistment)	None	None	- Ownership - Residency - Age 65 or - Surviving Spouse (Proof of change to active military Service; income, pension, social security, financial, disability statements)	Partial to Full

NOTE ONE: The value of the domicile is not included in the computation of the applicant's gross estate.

NOTE TWO: The City of Boston has accepted a local option statutory provision authorizing the grant of an additional amount of exemption which could result in as much as double the amount indicated, subject to certain restrictions.

APPLICATION DATE: The application date for all exemptions indicated above is December 15 or three months after the mailing of the third quarter tax bill.

Tax Deferral Program

Massachusetts's cities and towns offer a tax deferral program for taxpayers who are over the age of 65 years. Although the deferred amount becomes a lien on the property, a deferral may be a prudent option for a taxpayer whose current expenses make the continued ownership of his or her home difficult.

A tax deferral permits the delayed payment of property taxes. As opposed to an exemption, deferred taxes must eventually be repaid when the property is sold, transferred, or upon the death of the owner. A person may receive an exemption and also receive a deferral of the remainder of taxes on the same parcel.

Taxes, plus interest at 4% may be deferred every year until the total tax and interest due is equal to one-half of the full and fair cash value of the property. When that point is reached, although the taxpayer may no longer defer payment on current and future taxes, the deferred taxes and interest may remain unpaid until the sale of the property or the death of the taxpayer. A surviving spouse may continue the deferral upon the death of the spouse.

Applicants for the deferral program must have reached the age of 65 as of July 1 of the tax year, have owned and occupied the property for at least five years, resided in Massachusetts for at least ten years, and have a gross income of less than \$51,000. An application for a tax deferral must be filed by December 15 or three months after the mailing of the tax bill, whichever date occurs later.

Government Property

In general, property owned by federal, state, county, or local governments are exempt from local property taxation.

Government authorities such as the Massachusetts Port Authority or Mass. Bay Transit Authority are generally exempt from property taxes by specific provisions in the legislation establishing the governmental entity.

Real Estate owned by the U.S., the Commonwealth of Massachusetts, a county, city or town, if used in connection with a business conducted for profit or leased or occupied for other than public purposes may be taxed to the user, lessee or occupant to the same extent as if the user, lessee, or occupant were the owner. No tax assessed can be a lien against the land, but the Collector of Taxes may sell the interest of any lessee for nonpayment of tax. This provision does not apply to a

use, lease, or occupancy, which is reasonably necessary to the public purpose of a public airport, port facility, Massachusetts Turnpike, transit authority or park that is available to the use of the general public.

Charitable Organizations

Property owned by non-profit charitable organizations is exempt in Massachusetts. A "charitable organization" is a literary, benevolent, charitable, or scientific institution or temperance society. Non-profit educational institutions and hospitals are generally considered charitable organizations.

An organization or institution will be considered charitable if the dominant purpose of its work is for the public good and not for the benefit of its members or a limited class of persons. The burden is on the organization asserting tax-exempt status to establish it.

The real estate of a charitable organization ceases to qualify for a tax exemption if the property is leased to a non-exempt lessee.

A charitable organization must file with the assessor annually a list and statement every year (Form 3ABC) and a copy of the report filed with the Division of Public Charities in the Department of the Attorney General.

If the dominant use of the property is not charitable, there will be no exemption. An organization which seeks an exemption on the grounds of charitable exemption must file an application for abatement within thirty days after the mailing of the tax bill.

Other Exempt Organizations

Houses of religious worship and parsonages are tax-exempt. The exemption, however, does not extend to any portion of a house of worship which is used for purposes other than religious worship or instruction. The occasional use of property by an organization exempt from taxation under 501-(c) (3) of the U.S. Internal Revenue Code is acceptable. Land owned by a religious corporation but not necessary or incidental to use of the church as a house of public worship is not exempt from taxation.

Cemeteries are tax-exempt.

Solar and wind powered systems for energy needs are exempt for twenty years.

Certain pollution control structures and devices are tax-exempt.

Certain personal property of certain business and manufacturing corporations is exempt.

There are fifty provisions relative to exemption of real and personal property. See Mass. General Laws, Chapter 59, §5 for a complete list.

Funding and Reimbursement

Generally, cities and towns receive no financial reimbursement for real property that is exempt.

For a limited number of personal exemptions, such as elderly, the Commonwealth annually provides for partial reimbursement to cities and towns.

Any law taking effect on or after January 1, 1981, which grants or increases exemptions from local taxation will be effective in a city or town only if the city or town votes to accept the statutory provision; or if the General Court, at the same session in which the law is enacted, provides by general law and by appropriation for payment by the Commonwealth to each city or town of any loss of taxes resulting from the exemption.

PILOT Program - Exempt Organizations

Approximately 53% of the land area in the City of Boston is tax-exempt. Of that amount, a significant portion is owned by colleges, hospitals, cultural institutions and other charitable organizations. Property owned by these organizations that are used for their charitable purposes are generally exempt from property taxation. Such organizations, however, still depend on and utilize the municipal services provided by the City of Boston. These services include but are not limited to police protection, fire protection and snow removal.

The City began collecting payment-in-lieu-of tax (PILOT) contributions from tax-exempt institutions years ago in an attempt to relieve the strain on residential and commercial taxpayers by diversifying the City's revenue stream. Today, institutions continue to make annual PILOT payments according to provisions in their agreement(s) with the City. In fiscal year 2009, 35 tax-exempt organizations made PILOT contributions totalling \$31.4 million.

The Assessing Department's publication "Payment in Lieu of Tax Program - Guidelines" describes the PILOT program in detail. You can access this publication online at www.cityofboston.gov/assessing. For a copy of this publication, or to find out more about this program, call the Assessing Department's Tax Policy Unit at (617) 635-4797. The City Clerks office, located in City Hall, Room 601, maintains all PILOT agreements for inspection and copying by the public. The City Clerk's telephone number is (617) 635-4600.

4 Triennial Revaluation

Massachusetts law requires that all property be assessed at its fair cash value – what a willing buyer would pay to a willing seller. The rationale for full value assessments is equity. Two houses of equal value should be assigned equal assessments.

The Assessors of each community are responsible for developing a program to accomplish a fair cash valuation of all property within the community. A continuing program of equalization must be developed in order to maintain fair cash values and to meet the triennial certification requirement established by law.

Data Collection/Analysis

Important components of a continuing equalization program include a periodic inspection of properties undergoing renovation, or that have recently sold; performing sales-ratio analyses by location and style of property; and a continuing program of updating assessment maps.

Inspection of the principal structures of a parcel is an important aspect of a revaluation program. Assessors will inspect each structure unless permission to inspect is denied. Where inspection is denied, the assessor will estimate the data sought based on his or her observation of the structure and neighborhood.

If the occupant is not at home, several additional attempts are usually made to visit the home. Usually a notification will be left at the home informing the owner that an unsuccessful visit has been made and that the owner should contact the assessor's office to arrange for an appointment. If no appointment is made the data collector will estimate the value in the same manner as if access were denied.

Assessors may request that an owner or lessee of real estate complete an information request containing such information about the property as may be reasonable to determine the actual fair cash value of the property. Failure to comply with the request within the statutory time period can result in a fine and loss of any right to appeal the assessed value to the state Appellate Tax Board.

How Values Are Determined

The job of the Assessor is to determine the market value of every parcel of property in a city or town as of each January 1.

In practice, there are three universally accepted approaches to value: market, income and cost.

Market Approach

Market sales of similar properties which sold in the year prior to January 1 are analyzed, compared and adjusted to forecast what the property would sell for on January first. When there are many sales, the market approach is the most accurate and dependable tool in the determination of value. Most residential property is valued by the market approach.

Income Approach

The income approach is most applicable to real estate that is normally bought and sold on the basis of its income-producing capabilities, such as retail stores, office buildings, apartment buildings and industrial properties. The approach requires significant data such as rents, occupancy rates, operating expenses, and investor requirements. The approach is most useful in valuing investment property where sufficient market sales are not available.

The income approach considers the income stream that a property is likely to produce for an investor over a definite period of time. The process of capitalization converts the future benefits of ownership into present worth or market value. The elements of capitalization are income (I), rate (R) and value (V). The income approach formula is expressed as follows:

Value equals income divided by rate ($V = I/R$).

Cost Approach

The cost approach involves an estimate of the current reproduction or replacement cost of the building, deducting an estimate of depreciation (or loss of value from any cause) and then adding an estimated value of land.

Reproduction cost is the amount of money necessary to erect a new structure that is an exact replica of the existing building. It is appropriate in the case of recent construction.

Replacement cost is the expenditure necessary to build a new building equal in utility to the original and able to serve as a substitute in function. It is more applicable to older buildings.

The cost approach is most applicable to special-purpose properties that are not readily sold or rented.

Final Correlation

The final step in the appraisal process is to analyze the value indications from the cost, market and income approaches and determine a single market value determination for the parcel of property.

Certification of Values

The Commissioner of Revenue determines triennially whether assessed values in a city or town represent full and fair cash valuation for each class of real and personal property. Cities and towns cannot implement the levy allocation provisions of the Classification Act unless the Commissioner has certified that local assessments reflect full and fair cash value. When the assessments are completed, the assessor submits a request for certification review to the Department of Revenue (DOR)

The Bureau of Local Assessment within the DOR conducts a statistical analysis and performs a preliminary field review. If all of the standards have been met, the Bureau notifies the city or town of preliminary certification.

After receiving preliminary certification, the assessors implement a program of public disclosure intended to provide taxpayers an opportunity to inquire about proposed new assessments. Upon completion of the public information effort, the assessors are required to supply the Bureau of Local Assessment with a list of all parcels that will have a proposed final valuation greater than ten percent from the initial proposed valuation.

Once the community receives certification from the Bureau of Local Assessment that the proposed values represent full and fair cash values, the city or town starts the classification process.

5 Classification

Classification Act

In 1978, the citizens of the Commonwealth adopted a Constitutional Amendment authorizing the General Court to classify real property into as many as four classes and to tax such classes differently. In 1979, the General Court adopted an act that implemented the desires of the citizens. The act enjoyed popular support as a means to prevent the shifting of taxes from business property onto residential property as a result of court-ordered revaluations.

Classification does not raise additional dollars from the property tax. Preferential tax treatment for residential property is not required, but is rather a local option.

The Commissioner of Revenue supervises the implementation of property classification. After the Commissioner has determined that a city or town's assessed values represent full and fair cash value, the assessors classify all real property according to use. Local elected officials are then permitted to determine, within limits calculated by the Commissioner, what percentage of the tax burden is to be borne by each property class.

The determination whether to allocate the tax burden by class is made annually. In a city, the decision to allocate tax burdens in accordance with the law is made by the City Council, with the approval of the Mayor; in a town, the Board of Selectmen makes the decision.

Massachusetts law provides for three phases: first, every city and town must value all taxable property at full and fair cash value; second, each city and town must classify every parcel of property according to use; third, each city and town which has revalued and classified may allocate its tax levy among classes of property. The first and second steps are mandatory. The third stage is optional with each community.

Classes of Property

The first step in implementing the Classification Act is to assign each property to the appropriate class. In most instances, the usage class has been determined in the course of the revaluation.

Assessors in Massachusetts must assign all real property in the city or town according to its use:

residential, open space, commercial, industrial space. Each parcel must always be assessed at full and fair cash value. Personal Property constitutes a separate class.

Class One - Residential

Includes all property containing one or more units used for human habitation. The class includes accessory land and buildings such as swimming pools, tennis courts, garages and sheds. Single-family homes are in this class, as are large apartment buildings. Hotels and motels are not included in this class.

Class Two - Open Space

Includes land maintained in an open or natural condition, which contributes significantly to the benefit and enjoyment of the public. Such land cannot be held for the production of income.

Class Three - Commercial

Includes any property held for the purpose of conducting a business, such as office buildings, retail stores, etc.

Class Four - Industrial

Includes any property involved in manufacturing, processing or extraction. It includes utility real property used for storage and generation purposes.

Personal Property

Contains all taxable personal property of individuals, partnerships, associations, and certain corporations. A large portion of this class is owned by public utilities.

Not all parcels of real property fall neatly into the four classes. Some property has a mixed commercial/residential use. The owner in such a case will receive one tax bill showing the valuation for the commercial portion, the valuation for the residential portion, and the tax rates and tax due on each portion.

Every city or town must value all property at its full and fair cash value and every city or town must classify every parcel according to its use. All property in a city or town must be classified even if the city or town intends to tax all classes at the same rate. Only communities that have done both can, at local option, allocate the tax levy among classes of property.

Minimum Residential Factor

Based upon the total valuation of each class as submitted by the Assessors, the Commissioner determines a minimum residential factor for each city and town.

The method for calculating the minimum residential factor is set forth in the General Laws (Ch. 58, §1A). The statute effectively sets a maximum limit on the amount of preference that may be extended to a favored class. The minimum residential factor is determined by the Commissioner based on arithmetical calculations based upon the statute.

Change in Classification Law

The citizens of the Commonwealth approved a constitutional amendment in 1978 authorizing the creation of four classes of real property and the taxation of these new property classes at different rates.

Following the passage of the classification amendment, the Legislature established statutory limits on the discount available to residential property, as well as the maximum increase that could be placed on business properties. Under the original legislation, the tax rate for residential property could be discounted down to 65% of the non-classified tax rate (i.e., what the rate would be without classification), provided that this rate did not increase the tax rate for business properties to more than 150% of the non-classified rate.

These limits remained until 1988, when valuation trends resulted in an increasing share of the property tax burden falling on residential properties. As a result, the Legislature expanded the statutory classification limits. The revised law provided that residential taxes can be no lower than 50% of the non-classified tax rate, provided that business properties not be taxed for more than 175% of what these classes would pay without classification. An additional limitation was imposed to ensure that the residential portion of the levy was not reduced below its lowest level since the implementation of classified rates. In Boston, this change effectively created a 70%-30% split between business and residential properties that existed through Fiscal Year 2002.

In Fiscal Year 2003, valuation trends again threatened to shift a significant portion of the City's tax levy onto residential taxpayers. The Mayor, with the support of the City Council, filed legislation to amend the classification law. Under the new law passed by the Legislature and approved by the Governor in January 2004, there will be expanded classification parameters for fiscal year 2004 through 2007. The expanded parameters for

determining the maximum shifts for communities that qualify are:

Fiscal Year	Business Factor	Residential Factor
2004	200%	45%
2005	197%	47%
2006	190%	49%
2007	183%	50%
2008	175%	50%
2009	175%	50%

In fiscal year 2008, communities that used the expanded parameters in any of these years had their maximum shift determined as under current law.

In Fiscal Year 2009, the business factor would have decreased to 170%, below the pre-2004 level.

NOTE: To prevent this shift onto residential taxpayers, the Mayor filed a bill in 2007 to permanently establish the business classification factor at 175% for future years.

Allocating the Tax Levy

Upon certification by the Commissioner of Revenue that assessments represent full and fair cash values and receipt of the minimum residential factor, each city or town, annually, must conduct a public hearing on the issue of whether or not to implement the preferential allocation aspects of the classification act.

The public hearing and decision whether to allocate must be held each year prior to issuing tax bills.

The key policy issues to be decided are:

1. What will be the residential factor? The residential factor determines the share of taxes each class of property will pay.
2. What will be the open space factor?
3. Will there be a residential exemption and, if so, how much?

The key issue is to determine the share of the property tax burden to be borne by each of the classes of real and personal property. The selectmen of a town, or the city council with the approval of the mayor in a city, can decide that each class will bear taxes in proportion to the full value assessments of the class (classification factor of 1 - no shifting) or, alternatively, that any class will bear a lesser share of the tax burden. If one class receives a preferential rate, the other classes will have a higher rate and bear a higher tax burden.

The maximum amount of discount available to the preferred class is determined by the minimum residential factor calculated by the Commissioner of Revenue. The residential factor adopted cannot be less than the minimum residential factor calculated by the Commissioner.

Local officials are not required to give the maximum discount to any favored class. They may choose any factor between the minimum residential factor (the highest discount for residential property) and the factor of 1.0 (treatment of all classes of property alike). Alternatively, a residential factor may be selected above 1.0 which would treat commercial, industrial, and personal property as the favored class (shifting the burden onto residential property.)

The Classification Act also authorizes a further discount for open space. Any discount given to open space must be absorbed by the residential class. The open space factor was included in the Act in recognition that higher taxes force owners to sell or develop open land. The Act allows the preferential treatment of vacant land to foster the holding of private lands in a natural and open state.

Once a residential factor is selected (and an open space factor, if any), the percentage to be borne by the remaining three classes can be calculated according to the provisions of G.L. Ch. 40, §56.

The percentages and factors selected are reported to the Commissioner of Revenue.

Residential Exemption

Each city or town assessing all property at its full and fair cash value, as certified by the Commissioner of Revenue, must annually decide whether to adopt a residential exemption within the residential class for parcels that are the principal residence of a taxpayer.

A residential exemption is an assessed dollar amount of value that is exempt from taxation. It is a reduction in the amount of property tax that a homeowner would otherwise be asked to pay. For example, if the residential exemption were \$8,000, then a home with a market value of \$150,000 would be taxed on only \$142,000 of its value.

In Boston, the residential exemption can be between 0% and 30% of the average value of all residential property in a city or town. For example, if the average value of a home was \$180,000, the residential exemption could range from \$0 to \$54,000 of value.

A residential exemption can only apply to the “principal residence” of a taxpayer. A principal residence is one in which the taxpayer lives and which is used as a permanent home and legal residence. Summer or vacation houses are not eligible.

The residential exemption does not affect the share of the property tax levy to be paid by the residential class, but does affect the taxes paid within the residential class.

For example, an owner-occupied home will receive the benefit of the residential exemption, while a non-owner-occupied residence will not. Further, within the owner-occupied class, the residential exemption would have a greater effect on lower-value properties. The net effect of the residential exemption is a shift of tax burden within the residential class such that there is a higher effective rate on higher-value property than on lower-value property.

The residential exemption is a local option and is adopted in a town by the selectmen, and in a city, by the mayor with approval of the city council.

6 Tax Rates

Tax Levy

The annual assessment is determined as follows:
The Total Amount to be Raised includes all appropriations, debt, and interest charges, overlay deficits of prior years, pension costs, state and county charges, allowance for abatement and exemptions (overlay), final court judgments, and any other deficits.

The Estimated Receipts and Revenue from all other sources include all estimated receipts from the motor vehicle excise tax, other excises, payments in lieu of tax, charges for service, fees, department revenues, license and permit fees, fines, investment income, state aid (cherry sheets), and appropriations from any other available funds.

Amounts for each of these items are placed on the Tax Rate Recapitulation sheet that is filed with the Commissioner of Revenue. A tax rate will not be approved until the Commissioner determines that the estimated receipts, deductions and the overlay addition are reasonable and in full compliance with the law.

The Net Amount to be Raised by Taxation is calculated by subtracting Estimated Receipts and Revenue from all sources from the Total Amount to be Raised.

The Net Amount to be Raised by Taxation is the property tax levy for that fiscal year.

The Net Amount to be Raised by Taxation cannot exceed the property tax levy limit for the city or town pursuant to Propositions 2½.

Proposition 2 ½

Proposition 2½ was adopted by the citizens of the Commonwealth as an initiative petition in 1980.

Its principal provisions are as follows:

- limits the property tax levy in a city or town to no more than 2.5% of the total fair cash value of all taxable real and personal property
- limits the property tax levy (the amount of money to be raised by the property tax) to no more than a

2.5% increase over the prior year's levy limit (with certain provisions for new growth and construction)

- provides for local overrides of the levy limit and a local option to exclude certain debt from the limit
- limits certain state agency and authority assessments on the city or town to an increase of no more than 2.5% per year (except for services added by request)
- repealed school committee fiscal autonomy and binding arbitration for public employees
- prohibits unfunded state mandates
- limits the motor vehicle excise to \$25 per thousand of value
- allows renters a deduction on their state income tax

Proposition 2 ½ - Levy Limit

Each year the Commissioner of Revenue determines for each city and town the maximum levy limit pursuant to Proposition 2½ (M. G. L. Ch. 59, § 21C).

Proposition 2½ contains two limitations on the amount of property taxes a city or town can raise:

1. The property tax levy ceiling (the amount raised) can never exceed 2½% of the full cash value of all taxable property in the city or town.
2. The total taxes assessed for any fiscal year cannot exceed an amount equal to 2½% of the maximum levy limit for the preceding fiscal year. The maximum levy limit can be adjusted to reflect any new construction or new growth certified by the Department of Revenue.

Proposition 2½ contains certain provisions by which the voters can approve certain exceptions to the general limitations.

The levy can be increased by the adoption of an override. The voters of the city or town may vote to raise additional revenues by a specific amount. An override question may be placed on the ballot in a general or special election. The increase approved by a majority of

voters, becomes part of the base for calculating future years levy limits. An override of the Proposition 2½ levy limit does not allow the levy to exceed the levy ceiling.

The levy can also be increased by the adoption of an exclusion. The exclusion provision allows the voters of the city or town to exclude bonds, debt, or capital outlay expenditures from the proposition 2½ limitations.

No Proposition 2½ override or exclusion questions have, thus far, appeared on the ballot in the City of Boston.

The tax rate cannot be set in any city or town until the rate has been approved by the Commissioner of Revenue as in compliance with Proposition 2½.

Tax Rate - General

Once the public hearing has been held and the percentages of the tax levy to be borne by each property class have been determined and approved by the Commissioner of Revenue, the Assessors, using those percentages, determine the local tax rates and submit the rates for final approval to the Department of Revenue. The percentages adopted and the final certified assessment must be used in determining the tax rates.

In a community which has decided not to allocate the tax levy (i.e., has selected a residential factor of 1), the tax rate is determined by dividing the tax levy by the total assessed value of the city or town.

In a community which has decided to allocate its tax levy among classes of property (i.e., has selected a residential factor more or less than 1) the tax rate for the particular class is determined by dividing the percentage of the tax levy that will be borne for the property class by the total assessed valuation of the property class.

No tax bill can be mailed until the rate has been approved by the Commissioner of Revenue. The Commissioner determines whether the amounts to be raised by taxation, deductions, and overlay comply with the law and are reasonable in amount. The tax rate may not be changed after it has been approved by the Commissioner and returned to the assessors.

The Commissioner may not approve a tax rate which would allow the amount of property taxes levied to exceed the levy limit established by Proposition 2½.

7 Tax Bills

Quarterly Tax Bills

The City of Boston has adopted the provisions of Massachusetts law which allows cities and towns to issue tax bills on a quarterly basis.

A preliminary payment is due August first, (first quarter) and November first, (second quarter), of each year. The amount is equal to fifty percent of the prior year's tax including betterments and special assessments and reduced by any abatements and/or exemptions, divided into two equal payments. The result may be adjusted by the 2.5% increment allowed by Proposition 2½, and divided evenly between the 1st and 2nd quarter tax bills. The preliminary tax is not an estimated tax bill for the new fiscal year, but, as indicated, is a preliminary payment amount based upon the prior year's tax due.

The third quarter bill is issued in late December of each year and indicates the fair cash value assessment for the fiscal year and the tax owed. It is the date of this bill on which the appropriate dates for applications for certain personal exemptions are based. Any exemption for which a taxpayer is eligible appears as a credit on this bill.

The tax due, less the earlier preliminary payments and any exemption for which the taxpayer is eligible, is payable in two equal installments:

- the Third Quarter payment is due on February 1
- the Fourth Quarter payment is due on May 1

Tax Bill Explanation

After the Commissioner of Revenue approves the tax rate, the assessors commit their tax list (also known as a commitment list) to the collector of taxes. In Boston,

the Collector-Treasurer of the City of Boston issues tax bills. The bill is sent to the assessed person at the address where he or she resided on January first of the year to which the tax relates, or to a new property owner if the assessor's office has been notified and has recorded the new information.

The Third Quarter tax bill, issued in December, indicates the information shown below (left).

TOP LEFT PORTION of Tax Bill (Collector's copy)

This form approved by Commissioner of Revenue		THE COMMONWEALTH OF MASSACHUSETTS CITY OF BOSTON OFFICE OF COLLECTOR OF TAXES Collector of Taxes	
WARD	PARCEL NO.	BILL NO.	
LOCATION			
		Owner of Record Mailing Address	

Assessed Owner

Property taxes each fiscal year are assessed to the owner of the property on January 1.

If the property has been sold after January first, the new owner will not appear as the assessed owner until the next fiscal year billing cycle. For example, if a sale occurs after January 1, 2010, the preliminary tax bill in July and October 2010, and the tax bill in January and April of 2011 would reflect the previous owner's name. The new owner's name will not appear on the bill until the fiscal year 2012 tax bill cycle which commences in July 2011.

Even though the tax is assessed in the name of the previous owner, the new owner is responsible for all taxes once the sale is concluded. As noted above, the tax bills may be mailed to a new property owner if the assessors have been notified.

Location

Location indicates the address of the assessed property.

Ward/Parcel Number

Each parcel of property is assigned as unique ward and parcel identification number on the City of Boston.

Ward	Parcel #	Bill No.
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Tax Rate

The tax rate is determined each year according to the process set forth in the General Laws and the guidelines issued by the Commissioner of Revenue. The tax rate is expressed as a certain amount of dollars per one thousand dollars of valuation.

LEFT PORTION of Tax Bill (Customer's copy)

	Residential 1	Open Space 2	Commercial 3	Industrial 4
TAX RATE PER \$1,000	GENERAL			
	TOTAL			
BANK NO.	LOCATION			

Classes of Property

The General Laws authorize the classification of real property into four classes (residential, open space, commercial, and industrial). Cities and towns are further authorized to determine a different tax rate for each of the classes according to the classification formula set forth in the General Laws.

CLASS DESCRIPTION SPECIAL ASSESSMENTS

Class and Description

The real property is indicated by class and a short description of the use.

RIGHT PORTION of tax bill (Collector's copy)

TOTAL FULL VALUATION	
RESIDENTIAL EXEMPTION	
TOTAL TAXABLE VALUATION	
1ST PREL. OVERDUE	
2ND PREL. OVERDUE	
SPEC. ASSMNT. DUE	
TOTAL TAX SPEC. ASSMNT. DUE	
PERSONAL EXEMPTION	
PAYMENTS TO DATE/CREDITS	
NET TAX & SPEC. ASSMNT. DUE	
1ST TAX PAYMNT. DUE BY DEC.1	
2ND TAX PAYMNT. DUE BY MAY 1	
TAX DUE	
COST	
INTEREST	
PAY THIS AMT. BY	

Total Full Valuation

For fiscal year 2011 the fair cash value of the property on January 1, 2010 as determined by the board of assessors. Fair cash value is the price that an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy.

Residential Exemption

The City of Boston is authorized to grant a residential exemption of not more than thirty percent of the average assessed value of all Class-One residential parcels to residential property which is the principal residence of the taxpayer. The residential exemption reduces the tax liability of owner-occupied residential properties. The exemption is expressed in dollars of valuation.

Total Taxable Valuation

The total taxable valuation is the total full valuation of the property, less the amount of any residential exemption.

First Preliminary Overdue

This dollar amount, if applicable, represents the amount still due on the first quarter tax bill, due on August first.

Second Preliminary Overdue

This dollar amount, if applicable, represents the amount still due on the second quarter tax bill due on November first.

Special Assessment Due

A special assessment is a tax imposed on real property that received a benefit from a public improvement, such as sidewalks. Special assessments constitute a lien on the land.

Total Tax & Special Assessments Due

The total of the real estate tax and any special assessments.

Personal Exemption

The General Laws authorize a partial exemption from taxes for certain elderly, surviving spouse and children, blind, and certain veterans. If a taxpayer is eligible for an exemption, the amount in dollars will be subtracted from the total tax due.

Payments to Date/Credits

Any payments that have been made on the first and second quarter preliminary tax bills will be subtracted from the total tax due.

Net Tax & Special Assessments Due

The total of all taxes and special assessments less any exemptions and credits.

Tax Due

The tax due is divided into two equal payments, one half payable as the Third Quarter (by February 1), and the remainder, payable as the Fourth Quarter (by May 1).

Cost/Interest

The Collector/Treasurer is authorized to add costs and interest if any payments are late (14% per annum).

Pay This Amount By

Payments must be made by the date indicated on the tax bill. Make checks payable to: City of Boston. Mail payments to: City of Boston, P.O. Box 55808, Boston, MA 02205-5808.

Tax Billing Information Due Date/Interest

Important information about payment due dates, interest charges, and abatement and exemption applications is contained on the reverse side of the tax bill.

Further Information:

On Assessments

Assessing Valuation Division
Assessing Department
Room 301, Boston City Hall
Boston, MA 02201
(617) 635-1141

Taxpayer Information

Taxpayer Referral & Assistance Center (TRAC)
Boston City Hall, Mezzanine level,
Boston, MA 02201
(617) 635-4287
On-line at www.cityofboston.gov/assessing

On Current Fiscal Year Payments:

Taxpayer Referral & Assistance Center
Boston City Hall, Mezzanine level,
Boston, MA 02201
(617) 635-4287
On-line at www.cityofboston.gov/assessing

On Past Fiscal Year Payments

Collector's Office, Room M5
Mezzanine level
Boston City Hall,
Boston, MA 02201
(617) 635-4131, 4132

NOTE: For past due Real Estate and Personal Property tax amounts call the Collector's office at (617) 635-4131 or 4132.

8 Abatement Procedure

An abatement is a refund of a property tax payment based upon a reduction of the assessed value of the property. The filing of an abatement application is the first step if a taxpayer desires to protest his or her assessment.

Under the Quarterly Tax Bill system in the City of Boston, the Third Quarter bill is generally issued in late December of each year. Abatement applications must be filed by the third quarter tax payment due date, which is February 1*.

The application is a formal notice to the assessors that the taxpayer disagrees with the value assessed. The abatement process is the only legal method to correct an assessment.

Assessors must act on all applications for abatement or exemption within 3 months from the date they were filed with the assessor.

An abatement or exemption, if granted, will result in a refund or a credit.

An abatement or exemption is applicable only to the tax year in which it is granted. Each year, a new assessment roll is produced based on the value and use of the property as of January 1. Obtaining an abatement in a given year does not mean that a taxpayer will automatically receive the same abatement in subsequent years. If a tax bill fails to reflect an abatement or exemption granted in the year previous, the taxpayer carries the burden of filing an abatement or exemption application within the required time period and reestablishing that he or she is eligible for the abatement or exemption.

Guide to Application Dates		
Abatement/Exemption	Statutory Citation	Application Date
ABATEMENT		
Overvaluation Improper Classification Disproportion	Ch. 59 § 59	February 1* (3 rd Q tax due date)
RESIDENTIAL EXEMPTION		
Residential	Ch. 59 § 5C	Within 3 months of the mailing of the 3 rd Q tax bill
PERSONAL EXEMPTION		
Elderly	Ch. 59 § 5 (41C)	Within 3 months of the mailing of the Fiscal Year 3 rd Q tax bill
Surviving Spouse Minor Child of Deceased Parent Elderly	Ch. 59 § 5 (17D)	
Blind	Ch. 59 § 5 (37A)	
Veteran	Ch. 59 § 5 (22, 22A, 22B, 22C, 22D, 22E)	
Surviving Spouse or Child of Deceased Police/Fire	Ch. 59 § 5 (42, 43)	
Hardship	Ch. 59 § 5 (18)	
Statutory Exemption		
Charitable	Ch. 59 § 5 (3)	February 1*
House of Worship & Parsonages	Ch. 59 § 5 (11)	
All Other	Ch. 59 § 5	
Deferrals		
Deferral (age 65+)	Ch. 59 § 5 (41A)	Within 3 months of the mailing of the Fiscal Year 3 rd Q tax bill
Deferral (hardship due to military service)	Ch. 59 § 5 (18A)	

* Application date. However, when February 1 falls on a weekend, applications are due the first Monday immediately following February 1.

A taxpayer may appeal a determination of the assessor on an abatement or exemption application to the Appellate Tax Board of the Commonwealth of Massachusetts within three months from the date the assessor acted, or the date the application was deemed legally denied by inaction.

When an appeal has been properly filed at the Appellate Tax Board, the assessor can continue to officially review and act on the application.

If the statutory time periods are not followed, neither the assessor nor the Appellate Tax Board can legally take any action upon the application.

Grounds for Abatement

A taxpayer may contest his or her property tax liability on the following grounds:

- overvaluation
- disproportional assessment
- improper classification
- statutory exemption

Overvaluation

Overvaluation involves the claim that the assessment exceeds the fair cash value of the property on the assessment date.

For example, if a taxpayer's residence was worth \$200,000 on the open market on January 1 and the assessed value for the fiscal year is \$225,000, the taxpayer would file an abatement application based upon overvaluation.

Disproportional Assessment

Disproportional assessment is the claim that a taxpayer's property was assessed at a proportion of fair cash value greater than the average proportion at which other properties in the city were assessed.

Assessors are legally required to assess properties at 100% of their full cash value. The assessors may also allocate the taxes among different classes of property. The Commissioner of Revenue must certify full and fair cash values as well as the tax rates for different property classes. Under this system, the City of Boston applies the tax rates based on use classification that are certified by the Commissioner of Revenue to properties uniformly assessed and certified at 100% full and fair cash value. A taxpayer that seeks abatement due to

disproportionate assessment must therefore challenge both legal certification by the Commissioner of Revenue and implementation of that certification by the assessors.

Improper Classification

The use of the property on the assessment date will determine the class to which the property is assigned. Abatement may be warranted where there is an improper classification of use, or where property is used for several purposes and the percentage allocation of such use is in error.

For example, if a building contained a commercial use on the ground floor and two apartments on the upper floors, the tax bill might indicate an allocation of 30% to commercial use and 70% to residential use (and be taxed at the rate appropriate to that class). If the percentage allocation were claimed to be erroneous, a taxpayer would file an abatement application on the grounds of improper classification.

Fair Cash Value Standard

The standard of valuation of real property is fair cash value. Fair cash value is the price an owner willing but not under compulsion to sell ought to receive from one willing but not under compulsion to buy. It means the highest price that a normal purchaser not under peculiar compulsion will pay at the time, and it cannot exceed the sum which the owner after reasonable effort could obtain for the property.

When valuing residential parcels, the Assessing Department normally relies upon the market data or comparable sales approach. The taxpayer should look at recent sales of houses in the neighborhood and compare the features of these properties with his or her own in order to estimate the fair market value of the taxpayer's house.

The value of other types of property such as commercial or income property is determined by the cost approach, market data approach, or capitalization of income approach.

Assessments are based on the valuation of the property on the assessment date. The assessment date in all cities and towns in Massachusetts is the January first prior to the beginning of the fiscal year for which the tax is assessed. For example, for fiscal year 2011 (July 1, 2010 – June 30, 2011), the assessment date is January 1, 2010. For fiscal year 2012 (July 1, 2011 – June 30, 2012), the assessment date is January 1, 2011.

Who May Apply

Only the following persons can apply for abatement:

- the person to whom the tax has been assessed;
- the administrator of his or her estate;
- the executor or trustee under a will;
- a tenant paying rent and under obligation to pay more than one-half the tax;
- a person other than the person assessed if he pays the tax and is the owner, or has an interest in the property, or is in possession;
- a mortgagee if he pays more than one-half of the tax and files for an abatement between September 10 and October 1;
- a person acquiring title after the January 1 assessment date.

An authorized agent can sign an abatement application for any of the persons listed on the preceding page.

Application Procedure

An application for abatement must be filed by the third quarter tax due date, which is February 1. (if February 1 falls on a weekend, abatement applications are due the first Monday immediately following February 1)

Abatement application forms are available during the abatement filing period **ONLY** at the Assessing Department, Room 301, 3rd Floor, City Hall, Boston, MA 02201. Abatement Applications can also be obtained on-line during the abatement filing period **ONLY** at www.cityofboston.gov/assessing. Go to the **ASSESSING ON-LINE** link.

All applications must be filed at the Assessing Department prior to the expiration of the statutory abatement period. Assessors cannot act on an application that is filed late.

The tax abatement procedure is governed by the General Laws of the Commonwealth of Massachusetts. There are procedural requirements and deadlines that must be met in order to be eligible for abatement.

Payment of Tax

If the total tax is more than three thousand dollars, the taxpayer must pay the full tax due on time or the right to appeal a decision of the Assessing Department to the Appellate Tax Board may be jeopardized.

There is an alternative, three-year average method of payment (M. G. L. c. 59, § 64) and a procedure through which the Appellate Tax Board can extend the time for

payment of the second half tax (M. G. L. c. 59 § 65B). Nevertheless, even if these methods are used any unpaid balance will accrue interest and fees, and the taxpayer will receive delinquent notices.

With respect to personal property, a taxpayer must pay at least one half of the tax to preserve his or her rights, regardless of the total amount of the personal property tax bill.

Information Request

When the application for abatement is filed, the taxpayer will be requested to provide additional information required by the assessor to determine the merits of the claim.

In the case of an abatement application based on overvaluation, improper classification or disproportionate assessment, the taxpayer will be provided with an information requisition form that must be returned within thirty days. Failure to complete and return the form within the time specified will result in a denial of the abatement application and may bar an appeal to the Appellate Tax Board.

In the case of an application for various exemptions, specific forms must be completed and filed setting forth the qualifications of the taxpayer.

It is always in the taxpayer's interest to file all required forms as early as possible so that the assessors may make a timely decision.

Assessor Action

The Assessing Department has three months in which to act on applications for abatement which have been filed on time. A reasonable abatement will be granted if the property was assessed in excess of its fair cash value, at more than its just proportion, or improperly classified.

The Assessing Department attempts to review within the statutory time period all abatement applications that have been filed timely with required supporting materials.

If abatement is granted, a notice of approval will be mailed to the taxpayer indicating the amount to be abated.

A notice of denial will be mailed if no abatement will be granted by the Assessing Department.

An inaction notice indicates that the abatement application has not been processed within three months of filing and that the application is deemed denied by operation of law, M. G. L. Chapter 59, § 64.

Appeal to Appellate Tax Board

If the taxpayer is dissatisfied with the decision of the Assessing Department or if the application is deemed denied by reason of inaction, the taxpayer may file an appeal with the Appellate Tax Board. The Appellate Tax Board is a state administrative agency authorized to hear appeals of decisions of local boards of assessors with respect to abatements.

The taxpayer must file the appeal within three months of an approval or denial of an abatement application by the Assessing Department, or within six months of the date the application for abatement was filed if there was no decision, or if the taxpayer received a notice of inaction.

The Appellate Tax Board is located at 100 Cambridge Street, 2nd Floor, Suite 200, Boston, MA 02114. The telephone number is (617) 727-3100.

During the appeal period (within three months from the date of the assessor's decision or three months from the date the application is deemed to be denied by inaction), or while the appeal is pending before the Appellate Tax Board, the assessors may agree to abate the tax in whole or in part in final settlement of the application.

A taxpayer whose tax is abated will, if the tax has been paid, be reimbursed the amount of the abatement with interest at 8% from the time of payment of the tax.

The decisions of the Supreme Judicial Court make it clear that taxpayer adherence to the time schedule contained in the General Laws is an essential prerequisite to an effective application for abatement of a tax and to the prosecution of an appeal to the Appellate Tax Board.

9 Research Resources

The following records are generally found in an assessor's office:

ASSESSING MAPS - indicate parcels, lot numbers, parcel dimensions, structures and subdivisions.

OWNERSHIP - lists owners of property as of January first.

PROPERTY RECORD FILE - contains all current descriptive physical data for each parcel, including location, building characteristics, use information, building perimeter sketch, and legal description and title reference.

SALES FILE - record of sales occurring in the community for a particular year.

VALUATION BOOK - contains owner's name, address, and location of property, classification and valuation of real and personal property in the city or town for a fiscal year. The book also includes a description of all property exempt from taxation.

EXEMPTION FILE - contains owner's name, address, year of application, type of exemption, and amount of exemption granted.

ABATEMENT RECORDS - abatements which are granted are posted in books available to the public. Abatement records indicate the name of the owner, the year in which the tax is assessed, the total amount of tax, the date of the abatement, amount of abatement, and statutory reference. Applications for an abatement are not public records.

BETTERMENT RECORDS - lists improvements made to property such as street, sewer or sidewalk assessments.

CORPORATION BOOK - lists organizational status of businesses in the Commonwealth, including those that have been designated as manufacturing corporations.

Assessor's offices also contain personal property records, charitable organization returns, and reports and returns required to be filed with the Commissioner of Revenue.

Not all of these records are public. The following section describes in greater detail the standards applicable in determining whether a record is public.

Disclosure of Records

Assessors require large amounts of information in order to value property. In recent years, concern has been expressed that this large amount of data may be obtained by private individuals for purposes unrelated to the assessing function.

In weighing the need for public access to assessor records to ensure fair assessments, versus the concern that the assessor's office could become a business information source about the local real estate market, the Massachusetts General Court enacted Chapter 385 of the Acts of 1986 regarding the disclosure of certain assessment records (G.L. Ch.59, § 52B.) and established guidelines for the release of records in an electronic form (G.L. Ch.59, § 52C.).

Public records are broadly defined in Massachusetts. However, Chapter 59, § 52B exempts from the public record definition certain information that is provided to the assessors pursuant to a statutory information request. Such information is open only to the inspection of the assessor, the Commissioner of Revenue, their staffs and local officials in the performance of their official duties, except where inspection is ordered by the Appellate Tax Board, or by a court, or in cases where the assessed owner requests market data relating to any comparable sale used by assessors in determining the value of his or her property.

Chapter 59, § 52C specifies that the public records law is not deemed to authorize public access to terminals or other electronic data processing equipment.

Applications for abatement are not public records. Nevertheless, all final abatements that are approved by the assessors are considered public records.

Assessing records which are public in the City of Boston are available in the Assessing Department, Public Research Room 301, City Hall, Boston MA, Monday - Friday 9:00 a.m. - 5:00 p.m. Personnel are available to assist individuals who seek public record information.

If a record is not immediately available, or if there is a question as to whether the record is excluded from the definition of public record, make the record request in writing, specifying with as much detail as possible the record sought, and file the request with the Taxpayer Referral & Assistance Center (TRAC) (617) 635-4287. You will be notified within ten days as to whether the record may be inspected and a copy obtained.

Information Publications

Exemption & Deferral Fact Sheets

Elderly (41C)
Surviving Spouse, Minor Children, Elderly, (17D)
Veterans (22; 22A - 22E)
Blind (37A)
Hardship (18)
Tax Deferral (41A)
Deferral (18A)

Statutory Exemption

Charitable Organizations (3)
Religious Organizations (11)

Taxpayer Advisory Fact Sheets

Just the Facts
Abatement Procedure
Residential Exemption
Personal Property Tax
Elderly Volunteer Property Tax Work-Off Program

Tax Bill Information Change Forms

Real Estate Tax Bill Mail Address Change
Personal Property Tax Bill Mail Address Change
Real Estate Property Consolidation Request

Applications & Other Forms

Residential Exemption Application
Real Estate Abatement Application
Personal Exemption Application
Personal Property Abatement Application
Statutory Exemption Abatement Application
Motor Vehicle Excise Tax Abatement Application
3ABC Form
Form of List

Other Publications

Annual FY Report Assessing Department
FY Facts and Figures
Guide to Property Tax Exemptions for Organizations
PILOT Guidelines

Materials listed at left are available in the Taxpayer Referral & Assistance Center, Room M5, City Hall, Boston MA 02201-1300. Taxpayers may obtain copies in person, order by telephone at (617) 635-4287, or order by mail (Please allow 2-3 weeks for mailing). Also these information materials are available online at www.cityofboston.gov/assessing.

Real Estate Property Record Card Request Form

Obtain a record card for property situated within the City of Boston by completing and mailing the request form. A \$5.00 fee per parcel is applicable for each record card payable by cash, check, or money order made payable to the City of Boston. Note: the fee is waived if the requestor owns the property. A signature is required for an owner who seeks the waiver.

Property Record Card Request form can also be obtained on line at www.cityofboston.gov/assessing. Go to Forms on the menu. You can also request cards by calling the Assessing Department at 617-635-3742.

Abutter Lists

There are a variety of reasons why someone would request an abutter list from the Assessing Department. The requirements for each abutter request depends on the nature of the business intended for the subject property. The following represents the types of abutter requests received by the Assessing Department:

- Liquor license – requires that the immediate abutters, along with all schools, hospitals and churches within 500 feet be notified.
- Common victual (restaurants, etc.) – should only notify immediate abutters
- Lodging house – notify immediate abutters within 300 feet
- Entertainment, Arcade, Carnival – notify immediate abutters only
- Pool Table, Billiards – notify immediate abutters only

Abutter lists can be obtained at the Assessing Department, Room 301, City Hall, (617) 635-3742.

Assessors Maps

These are historical maps that date back to the early 1900's. The maps are requested by individuals seeking deed references and parcel boundaries. They come in two sizes, 8½ x 11 and 24 x 18 inches.

Assessor maps can be obtained at the Assessing Department, Room 301, City Hall, (617) 635-3742.

Property Data Records - Bulk Data Products

The primary function of the City of Boston Assessing Department is the valuation of real and personal property in Boston. However, the Department does address requests for certain public records in bulk. In order to meet the demands for public records the Assessing Department has developed a standardized inventory of data “products”. These reports contain property information that the Department collects and maintains. They are updated once a year, in February.

What type of bulk data is available?

Generally, information on selected property characteristics such as:

- ward and parcel number
- land use
- address
- ownership, billing information
- assessed values

How is this bulk data provided?

The information requests that the Assessing Department receives usually involve three topics:

- data on property tax bills
- data on property
- property map data

What products are available?

- Property data CD ROM - Lite or FULL version (ASCII Comma-delimited format)
- GIS Map data CD ROM (ESRI Shape file format)

How do I obtain data?

To obtain information, forward a request for Bulk Data Information to: Assessing Department, Room 302, Boston City Hall, Boston, MA 02201. For information concerning bulk property data products call (617) 635-4991 or 4087.

Note: Bulk Data products contain information that was developed for the internal use of the City of Boston Assessing Department only. Any other use of this material is undertaken at the user's own risk.

Digitized Map File Information

What Type of Map file data is available and how is it provided?

The GIS parcel data is available in (Environmental Systems Research Institute) ESRI Shapefile format. It was produced using ESRI ArcEdit 8.2, and can be opened directly with ArcView or imported into other GIS software formats. The parcels are stored as polygons with attribute data linked to each polygon containing the legal 10-digit parcel identifier. Please check your software documentation to verify data import capabilities.

File format

The GIS data set contains seven separate files:

FY_Parcels.dbf
FY_Parcels.shx
FY_Parcels.shp
FY_Parcels.sbx
FY_Parcels.sbn
FY_Parcels.shp.xml
FY_Parcels.prj

Notes:

The correct geographic projection for these files when importing them into a CAD or GIS package is US State Plane Coordinate System 1983, Massachusetts Mainland Zone 1983.

The parcel shapes in these files represent topographic land parcels, i.e. those parcels occurring on the ground, and do not include condo units, air-rights, billboards, or many of the leased areas for which a parcel identification number may have been assigned in the Assessing Property Data files.

These files were created for Assessing purposes only and the Assessing Department will not accept any liability for errors or inaccuracies created in the manipulation of these files for external use.

The Assessing Department will not provide any technical assistance regarding the importing of these files beyond what is contained in this document.

How is this mapping data provided?

Data is available on a citywide (22-ward) basis only, in (Environmental systems Research institute) ESRI Shape file format on CD-ROM. It was produced using ESRI ArcEdit 8.2 and can be opened directly with ArcView or imported into other GIS software formats. The

parcels are stored as polygons with attribute data linked to each polygon containing the legal, 10-digit parcel identifier.

How do I obtain map data?

To obtain information on the CD ROM available, send your request to: Assessing Department, Room 302, Boston City Hall, Boston, MA 02201. For information concerning bulk Digital map data call (617) 635-4991 or 4087.

Taxpayer Information/Transactions On-line

Basic property taxpayer, property data, and property tax bill payments information is available on the City of Boston website at www.cityofboston.gov/assessing/search

You can also make tax payments online for the following:

Real Estate:
www.cityofboston.gov/realestate

Motor Vehicle Excise:
www.cityofboston.gov/excise

Contact the Assessing Department with questions or for assistance at: www.cityofboston.gov/assessing/contactform.asp

Taxpayer Referral & Assistance Center (TRAC)

The Taxpayer referral & Assistance Center offers one-stop services to taxpayers. The TRAC office assists taxpayers with questions about:

- Personal exemptions and the residential exemption
- Current real and personal property tax
- Current Motor vehicle excise
- Ward and parcel number
- Duplicate tax bills
- Property tax abatement information
- Current year tax bill payment information
- Other tax-related questions

Call the Taxpayer Referral & Assistance Center (TRAC) at (617) 635-4287. Visit the TRAC, Room M5, Mezzanine level of Boston City Hall, weekdays, 9 AM – 5 PM.

Use the Assessing Department contact form online at www.cityofboston.gov/assessing

Log on to Assessing-on-line for electronic information at: www.cityofboston.gov/assessing.

*NOTE: For **prior fiscal year** information on tax amounts and tax payments call the Collector's office at 617-635-4131.*

Appendum

Frequently Asked Questions

[\(Click on the subject area to access further information\)](#)

Abatement Procedure

Assessing Data & Mapping Resources

Assessing Forms

Assessing Information Online

Assessed Values

Assessing Data & Mapping Resources

Betterments & Tax Bills

Boat Excise

Boat Mooring Permit

Circuit Breaker Income Tax Credit

Classification

Condo Conversion

Motor Vehicle Excise

Municipal Liens

Personal Exemption

Blind

Surviving Spouse, Minor Child of Deceased

Parent, Elderly (Age 70+)

Elderly (Age 65 +)

Veteran (with service connected disability)

Hardship

Personal Property

PILOT Task Force

Property Identification

Property Taxes & Tax Rates

Proposition 2 ½

Real Estate Parcel Consolidation

Real Estate Taxes, Tax Bills & Payments

Residential Exemption

Statutory Exemption

Tax Deferral

Taxpayer Referral & Assistance Center (TRAC)